

U.S. Factory Output Rises For Ninth Straight Month

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WASHINGTON (AP) — U.S. factories likely produced more goods in March for the ninth straight month, as businesses and consumers spent more money.

Economists expect that the output of the nation's factories, mines and utilities increased 0.6 percent last month. That would be the biggest increase since December, when severe winter weather caused a spike in output by utilities.

Overall industrial production was flat in February, after edging up 0.2 percent in January.

Factory activity, the largest single segment of industrial production, rose 0.6 percent in February after gaining 0.8 percent in January. The increase was driven by manufacturers of cars, appliances, computers and furniture.

The Federal Reserve releases the report on Friday at 9:15 a.m.

Industrial output has risen in all but two months since the recession ended in June 2009, increasing 11 percent from its recession-low hit in that same month. But production remains 8 percent below its pre-recession peak, reached in September 2007.

Analysts expect that factory output will continue to rise. Prices of metals and chemicals increased last month, reflecting stronger demand from manufacturers of finished products. That likely prompted producers of raw and intermediate items to increase their output.

Another encouraging signal for industrial production: The Fed reported Wednesday that factories in all of its 12 regions were busier this spring, and factories in 10 regions produced more. Manufacturers have been able to pass higher raw-material costs on to the businesses that buy their products, the Fed said.

Manufacturers added 17,000 jobs last month, as the nation's unemployment rate dropped to its lowest level in two years. Factory workers spent more hours on the job. More companies reported plans to hire new workers.

However, many U.S. factories depend on Japanese companies for parts, especially automotive and electronics components. The catastrophic earthquakes, tsunamis and nuclear threat in Japan probably disrupted supply chains temporarily, making it difficult for some factories to produce more.

The crisis in Japan is also likely to have crimped sales for manufacturers that export

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to that country.

Overall industrial production likely grew more slowly than factory output. Weekly electricity-generation figures suggest that utility output fell, according to analysts with Capital Economics.

Yet analysts with Insight Economics believe activity at utilities and mines increased modestly, contributing to the expected increase in overall production.

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